

COPY

Eindhoven, March 11th, 1949
Mr. Kenneth C. Beede
Economic Attache,
American Embassy,
Benoordenhoutscheweg 7,
The Hague

Dear Mr. Beede,

This is an answer to your letter of October 6, 1948, and the many questions asked us directly rather than through our government. The delay in answering was explained to you a few months ago.

1. The situs of N. V. Philips' Gloeilampenfabrieken was, at the urgent request of the Netherlands Government, returned from Curacao to Eindhoven on the 19th of January, 1946. As stated in our reports which you have read, this has not affected the status of the American and British Trusts. They remain under the exclusive control and authority of the trustees involved.

2. The Eindhoven management has no control or authority over the affairs of the companies belonging to the Trusts. Dr. A. F. Philips, P. F. S. Otten, H. F. van Walsen, and O. M. E. Loupart, together with others not belonging to Eindhoven, are still experts to the Advisory Committee of the American Trust and advisors to the British Trust, but have no authority or management functions.

3. Present arrangements with regard to licensing of patents with such companies as Western Electric, RCA and others in the United States can best be obtained by the United States Government from these latter companies or from the American Philips companies and the American Philips Trust, who are parties to such arrangements.

4. With respect to our commercial interests behind the Iron Curtain, they have been considerably curtailed. We would like to call attention to the fact that at an early stage before World War II, we withdrew our activities, know-how and efforts from Japan, and all our major properties in Germany were taken over by the Nazi Government, except one which we sold to American interests. In a somewhat similar way our properties behind the Iron Curtain have been taken over and our activities are restricted to trying to protect our properties or salvage whatever we can.

With respect to our companies and holdings in various countries, I refer you to the various documents already in your possession, and to your missions in the various countries. Information is also readily accessible to your government from the American Philips companies who have frequently turned over this data to United States Government agencies.

In Germany we are chiefly occupied with reconstruction work and manufacture has started again in the Western Zone. In Italy no great damage occurred to our plants, and production is continuing as normally as the labor situation permits. In Indonesia our lamp factory is again functioning and a small radio factory has recently been opened.

We fully appreciate the desirability that Washington be informed with respect to Philips activities. In fact, the American companies and the American Trust were set up for the purpose of contributing to the United States the benefits of Philips inventions, patents, and developments, both commercially and for defense purposes of the United States and the Western Alliance. We are most careful with regard to security, with respect to technical and industrial know-how, and have had special security measures and the screening of employees against Bolsheviks and Communists since 1920. We have secret plans to protect our scientific know-how even in case our country is again overrun.

In this letter we desire to fully appraise you of the fact that on certain common commercial matters we have entered into agreements with certain Eastern countries with regard to well-defined technical aid. In most instances it will be found that we were in direct competition with American firms, and our own government was fully informed and approved same. They are for us essentially arrangements in the nature of liquidation of our pre-war technical affairs and interests in those countries, without, however, giving up our ultimate claims for full restitution or full and valuable indemnity for the dispossessed properties as the case may be. They involve, of course, no leakage of information. The arrangements concern Poland with regard to incandescent lamps, gas discharge lamps, radio broadcast sound receiving tubes only of types in mass production currently used by us in our own standard broadcast receiving sets, Czechoslovakia with regard to incandescent lamps and low volt fluorescent lamps, Yugoslavia with regard to old type radio receiving sets.

On the other hand, Philips has confidentially revealed, at the request of U. S. Government scientific and military agencies, new and advanced scientific developments, inventions and improvements by our laboratories. In some cases, it is reliably reported by the American Philips companies that these same inventions, developments and improvements have been turned over to competitors by the U. S. agencies, and the American Philips companies have not been able to bid on the resulting production or manufacturing contracts, and have been interfered with in trying to develop other American companies with American capital and personnel to commercially exploit these inventions and developments.

With respect to your suggestion that we issue another pamphlet with respect to information on our business management and methods since World War II, we feel that in many respects we have been pioneers in the finding and applying of new methods. We do not desire to publish any further data any more than American companies like to put out business, industrial and technical information for the public at large. In fact, according to one of your Marshall Plan representatives, the United States denies the oft repeated claim that its representatives request business and industrial information from European companies which is then made available to their American competitors. According to American opinion, there would be considerable doubt as to whether any European Embassy in the United States could secure any organizational or operational information from an American company.

However, we have nothing to hide and we are quite willing to discuss quite openly with any proper United States Government official any matter involving security, defense, or cooperation toward a common goal as we did in World War II. It is unfortunate but nevertheless true that we were attacked frequently and viciously during World War II by both Communists and fellow-travelers particularly in the United States, and more recently some of our American competitors have been helpful in spreading false reports with respect to us. Democracy, the free enterprise system and the maintenance of the democratic balance of power led by your great country is not only our desire, but is necessary to our very survival. It would be ridiculous therefore to assume that we could be anything but loyal and desirous of enthusiastic cooperation.

A copy of your questionnaire and this answer is being forwarded to the Netherlands Government.

Very truly yours,
N.V. PHILIPS'
GLOEILAMPENFABRIEKEN:

A. J. Guepin.